Performance of the PSU Banks

2406. DR. V. MAITREYAN: Will the PRIME MINISTER be pleased to state:

(a) the overall performance of the Public Sector Undertaking (PSU) banks during the last three years;

(b) whether any improvement has been recorded in their growth rate during this period;

(c) what is the credit worthiness of these PSU Banks;

(d) what steps are being taken to modernize the banking system across the country; and

(e) what is the profit margin of each of the PSU Banks during the last three financial years and the steps taken to improve their performances?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The key performance parameters of public sector banks (PSBs) for the last three years are indicated below:-

(Amount Rs. in crore)

Items	March 2006	March-2007	March-2008
Total Assets	19,41,473	23,29,248	28,84,866
Deposits	15,66,121	19,11,994	23,56,776
Advances	10,70,872	13,73,777	16,96,330
Net Profit	16,539	20,152	25,622
Gross NPAs to Gross Advances(%)	3.9	2.8	2.3
Net NPAs to Net Advances(%)	1.4	1.2	1.1
CRAR (%)	12.2	12.4	12.5
ROA (%)	0.8	0.8	0.9
ROE (%)	13.3	13.6	13.7

The overall performance of the PSBs put together, has improved on all these performance indicators over the last three years.

(c) All the PSBs are fundamentally sound and have good standing in debt market.

(d) and (e) Government and Reserve Bank of India (RBI) have taken various steps to modernise the banking system in the country in general and the public sector banks in particular, which *Inter alia* include encouraging banks to expeditiously bring their branch network under Core Banking Solutions (CBS), introduction of technology based products and services such as mobile banking, expansion of internet banking facilities, increased use of RTGS and NEFT for

electronically fund transfer, etc. Further, to bring the India banking system at par with international standards, RBI has prescribed measures for strengthening of risk based prudential supervision for capital adequacy standards on the lines of the Basel Committee norms, etc. coupled with wide ranging steps undertaken by the Government. After initiation of reforms in early 1990s, financial performance of the banking sector has improved significantly. Balance sheet and profitability indicators *viz* ROA, Net Interest Margin, Non-Preforming Assets (NPAs) Ratios, Provisioning and Classification norms for NPAs, Capital Adequacy Ratio etc. suggest that the Indian banking sector now compares well with global benchmarks. To enable the PSBs take quick and efficient decision-making and to provide sufficient managerial autonomy to their Boards to be able to compete internationally, Government announced an Autonomy Package in February, 2005 for these banks. The Government has also put in place a mechanism to monitor the overall performance of PSBs on the basis of the 'Statement of Intent on Annual Goals (SOI)' submitted by them on various performance parameters including deposits, advances, non-performing assets (NPAs), cost to income ratio, return on assets (ROA), profit, etc. The bank-wise details of Profit Margin of PSBs for the last three years are given in the Statement.

Statement

Bank-wise details of profit margin of PSBs during last three years

(Figures in %)

Bank Name	Profit Margin*		
	March 2006	March 2007	March 2008
1	2	3	4
Public Sector Banks	10.15	10.56	10.84
Nationalised Banks	10.25	10.71	10.85
Allahabad Bank	16.14	14.26	13.71
Andhra Bank	15.24	14.30	11.82
Bank of Baroda	7.98	7.62	9.13
Bank of India	7.08	9.15	13.42
Bank of Maharashtra	2.01	9.10	8.59
Canara Bank	13.34	11.19	9.69
Central Bank of India	4.35	7.42	6.26
Corporation Bank	13.90	13.42	14.09
Dena Bank	3.29	8.03	11.41
Indian Bank	12.79	14.78	15.99

1	2	3	4
India Overseas Bank	13.93	14.30	13.01
Oriental Bank of Commerce	17.19	14.33	11.28
Punjab and Sind Bank	7.47	11.18	15.07
Punjab National Bank	13.01	12.24	12.60
Syndicate Bank	11.90	11.03	9.85
UCO Bank	3.15	4.44	5.11
Union Bank of India	10.41	10.48	13.17
United Bank of India	7.26	8.42	7.93
Vijaya Bank	4.73	10.70	8.17
SBI Group	9.97	10.24	10.82
State Bank of Bikaner and Jaipur	6.24	10.66	8.94
State Bank of Hyderabad	12.79	12.81	10.17
State Bank of India	10.01	10.02	11.61
State Bank of Indore	8.70	9.63	9.23
State Bank of Mysore	12.80	11.72	10.93
State Bank of Patiala	10.79	10.45	8.43
State Bank of Saurashtra	4.58	6.02	2.95
State Bank of Travancore	9.76	10.68	9.97
Other Public Sector Bank	8.42	8.55	7.55
IDBI Bank Limited	8.42	8.55	7.55

Source: Off site Returns submitted by banks.

*Profit Margin = Profit after Tax *100/ Total Income.

Effects of global recession

†2407. SHRI RAJ MOHINDER SINGH MAJITHA:
SHRI RAM JETHMALANI:

Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that several steps have been taken between August, 2008 and December, 2008 to neutralise the effects of recession in India brought on by global melt down;

†Original notice of the question was received in Hindi.